

## NOTE 12 – COMPENSATED ABSENCES

### A. Primary Government

#### Plan Descriptions

Employees accumulate annual leave (vacation) balances to a maximum ranging from 256 to 316 hours. They receive a 100% termination payment upon separation based upon their final rate of pay. Employee sick leave balances accumulate without limit. Termination payments are made only upon separation from State service and only to employees hired prior to October 1, 1980. Payments at retirement or death are based on 50% of the employee's sick leave accumulation times their last rate of pay. When separating for any other reason, employees are paid a percentage of their unused sick leave which increases from 0 to 50% depending upon the balance of their sick leave hours.

#### Accounting Policy

In the government-wide and proprietary fund financial statements, the State accrues liabilities for compensated absences as required by GASB. Annual leave is valued at 100% of the balance plus the State's share of social security and retirement contributions. Sick leave is valued, as explained in the previous paragraph, at 0 to 50% plus the State's share of social security contributions. The pay rates in effect as of September 30, 2001, are used.

In the governmental fund financial statements, liabilities for compensated absences are accrued when they are considered "due and payable" and recorded in the fund only for separations or transfers that occur before year-end.

The following table summarizes liabilities for compensated absences as of September 30 (in millions):

	Annual Leave	Sick Leave	Total
Governmental activities	\$ 231.3	\$ 206.5	\$ 437.7
Business-type activities	1.5	1.6	3.1
Total - primary government	<u>\$ 232.8</u>	<u>\$ 208.0</u>	<u>\$ 440.8</u>

### B. Discretely Presented Component Units

Compensated absences liabilities of discretely presented component units totaled \$48.5 million and are primarily related to State universities.